

Chapter 6: Contributions

Chapter Overview

This chapter provides information on member and employer contributions to the Washington State retirement systems. Refer to this chapter for:

- General information about retirement contributions
- Information about nontaxed and taxed contributions
- Instructions on how to become a nontaxed employer
- Procedures for calculating, reporting, and paying employer and member contributions
- Contribution rate tables for the following retirement systems:
 - Public Employees' Retirement System (PERS)
 - Teachers' Retirement System (TRS)
 - Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
 - Washington State Patrol Retirement System (WSPRS)
 - Judicial Retirement System (JRS)
 - Judges' Retirement Fund (JRF)

Refer to Chapters 7 and 8 for instructions on how to report on the monthly transmittal.

Refer to Chapter 10 for instructions on how to complete a Payment Advice form.

Retirement Contributions

How Contributions Fund the Retirement System

Each member and employer is required to contribute a set percentage of the member's monthly compensation to the retirement fund. PERS, SERS and TRS Plan 3 members must select one of six rate options available. Contribution rates are listed on the tables at the end of this chapter.

Except for PERS, SERS and TRS Plan 3, member and employer contributions and their investment earnings fund the current and future retirement benefits of members of the retirement systems. A small percentage of the employer contribution rate pays the administrative expenses of DRS. For PERS, SERS and TRS Plan 3, the employer contributions and their investment earnings fund the defined benefit component of the retirement benefit; the defined contribution component is financed by the member's contributions and provides a tax-deferred investment program for the member.

How Contribution Rates Are Established

Member contribution rates for PERS Plan 1, TRS Plan 1, LEOFF Plan 1, and WSPRS Plan 1 and Plan 2 are set in statute and will not change unless changed by law. Employer contribution rates for all plans and member rates for PERS Plan 2, TRS Plan 2, and LEOFF Plan 2 are established by the Pension Funding Council. Council members are the chair and ranking minority members of the House Appropriations and the Senate Ways and Means Committees, and the directors of DRS and OFM. Contribution rates vary for the different systems and plans.

PERS, SERS and TRS Plan 3 member rates are established by the Employee Retirement Benefits Board (ERBB). The ERBB is chaired by the Director of DRS and is composed of eight members. The eight members are appointed by the Governor as follows:

- three members representing PERS: one retired, two active;
- three members representing TRS: one retired, two active; and
- two members with experience in defined contribution plan administration.